

	<p style="text-align: center;">Cabinet Meeting 20 January 2016</p> <p style="text-align: center;">Report from the Strategic Director of Regeneration and Environment</p>
<p>For Action</p>	<p style="text-align: right;">Wards affected: Queens Park</p>
<p>Times House & the Falcon Public House, South Kilburn - acquisition financing proposals</p>	

Appendix 1 of this report is not for publication

1.0 SUMMARY

- 1.1 In accordance with Brent's Executive approval in 2011, site assembly is planned in order to deliver proposals in respect of the South Kilburn regeneration programme, including the compulsory purchase of the Genesis owned Keniston Press, and the Greene King Retailing Limited owned Falcon Public House site.
- 1.2 As these acquisitions were programmed in future years, the report seeks approval to bring land assembly forward, setting out the background, property information and options.

2.0 RECOMMENDATIONS

- 2.1 That authority be provided to acquire Times House, 50 Claremont Road, London W9 3DZ, (the Keniston Press site), this financial year 2015/16, as detailed in Confidential Appendix 1.
- 2.2 That authority be provided to acquire The Falcon Public House, 341 Kilburn Lane, London W9 3EG site, this financial year 2015/16, as detailed in Confidential Appendix 1.
- 2.3 That delegated authority is provided to the Strategic Director of Resources, in consultation with the Strategic Director of Regeneration and Environment and the Chief Finance Officer to finalise the terms of the proposed acquisitions and enter into any associated agreements and contracts.

3.0 DETAIL

Background

- 3.1 The Executive on 18 July 2011 received a South Kilburn Regeneration Progress update which advised of the appointment of Maccreanor Lavington Architects from the London Development Agencies Architecture, Landscape and Urban Design Framework Agreement to lead the design team through to full planning application (RIBA Stage C or D) for the Queens Park Station Area (Zone 18 (Site 18)). This site is owned by four separate parties: Transport for London (TfL), Greene King Retailing Ltd, Genesis Housing Association, and Brent. In the 2011 Cabinet report the Executive authorised the making of a Compulsory Purchase Order (CPO) to acquire all interests and rights in site 18. The report also noted draft proposals to locate a 130 m² air shaft on the south-west corner of the site to service the proposed High Speed 2 (HS2) tunnel that would be built deep under site 18.
- 3.2 Detailed proposals were developed and were considered by Planning Committee on 20 June 2012, in respect of: the proposed demolition of Keniston Press, Premier House, Cullen House and the Falcon Public House; and redevelopment of: 137 flats (39 affordable), along with new public space, 1270 m² of commercial space (use class A1/A3/A4) and 959 m² of office space (use class B1a for dedicated use by TfL) within a part 4, part 5, part 6, part 8, and part 9 storey building. Planning Committee agreed to grant planning permission, subject to the completion of a satisfactory Section 106 or other legal agreement; and to delegate authority to the Head of Area Planning, or other duly authorised person, to agree the exact terms thereof on advice from the Director of Legal Services and Procurement. Appendix 2 comprises an existing site plan, and Appendix 3 the proposed plan.
- 3.3 Since planning consent was obtained, commencement of works on the Keniston Press site has occurred, resulting in the Community Infrastructure Levy (CIL) of £404,212.78 being triggered. Further development has been on hold due to HS2's proposals for the area.
- 3.4 On 3 March 2014 in response to HS2's proposals, Brent's Full Council agreed to oppose the HS2 Bill introduced into the House of Commons on 25 November 2013. This was in part due to the proposal for a ventilation shaft and auto transformer on Site 18 (Brent's car park and Keniston Press). This would have an adverse impact not only on the site, but also on the Council's regeneration plans for the wider South Kilburn area. Members authorised the Strategic Director of Regeneration and Growth in consultation with the Lead Member of Regeneration and Major Projects to take steps required for the Council to deposit a petition against the Bill, or if considered appropriate, withdraw its opposition to the Bill.
- 3.5 Ongoing dialogue with HS2 has resulted in the publication of Alternative Provisions (AP) 4 on 12 October 2015 that proposed the relocation of a ventilation shaft and transformer from Site 18 to an alternative site at Canterbury Works. An ultimate decision will be made by Parliament, with final Royal Assent anticipated in December 2016.

Subject site 1 – Keniston Press

- 3.6 The subject site comprises Keniston Press a single storey light industrial unit on a site of 0.1 Hectares. The property is currently occupied by a vehicle repairing company with little plant and machinery evident within the unit. At the northern boundary is a small strip of land owned freehold by Network Rail Infrastructure Limited. At the southern boundary is office accommodation within Premier House, held leasehold by London Underground Limited.
- 3.7 The subject site was informally marketed by Genesis, occupation details in respect of the tenants have been requested, it is understood that existing occupation can be terminated relatively quickly.

Subject site 2 – The Falcon Pub

- 3.8 The subject comprises the Falcon Public House and includes residential accommodation to the upper floors for occupation by the pub manager on a site of 0.03 hectares. The property ranges in height from one to three storeys. The Falcon Pub itself is understood to comprise the complete ground floor level, with two storeys of residential accommodation above.
- 3.9 The site was formally marketed for £2.75m subject to a tenancy for the Falcon Public House with a passing rent of £24,000 per annum for a 3 year agreement. The exact terms need to be reviewed to ensure vacant possession can be secured relatively easily.

Proposals

- 3.10 The availability of both Keniston Press and the Falcon Public House presents a window of opportunity to progress with land acquisition and assembly in accordance with the proposals in the 2011 Executive approval. The proposal is therefore to purchase both sites.
- 3.11 Purchasing the subject sites will provide the Council with price and deliverability certainty; consolidating its land ownership, and enabling the existing planning consent to be implemented as approved, subject to the HS2 vent shaft being relocated.
- 3.12 In respect of future plans the 2011 Executive report advised that Site 18 would be assembled and then offered in the open market as a residential development opportunity in order to secure best value. A small proportion of affordable homes would be secured for decant. The quality of development would be secured through the procurement and planning process. It should be noted that in accordance with Brent's Strategic Property Plan 2015-19, retention by Brent as an investment will be considered, and if appropriate a proposal will be presented to Cabinet, this will include a full development appraisal.

Interim plan

- 3.13 If Brent were to proceed with the proposed acquisitions, it is anticipated that existing occupation arrangements would continue. Genesis have been asked

for further information, arrangements for the Falcon Public House would need to be reviewed, in order to ensure vacant possession can be secured in the future, thus enabling redevelopment.

- 3.14 Brent would continue its endeavours to acquire remaining interests in site 18, buying out the two leasehold interests in Cullen House (7 & 29) and open negotiations with TfL.

Anticipated Programme

- 3.15 The anticipated programme is likely to change, as there are a number of unknown, third party decisions required.
1. To submit a time limited offer 'subject to Cabinet approval, contract and without prejudice' for the Keniston Press in December 2015.
 2. To discuss an offer 'subject to Cabinet approval, contract and without prejudice' for the Falcon Public House in January 2016.
 3. Subject to the offers being accepted, to proceed to exchange contracts on the subject sites, subject to searches, title checks, vacant possession, or confirmation vacant possession can be secured, contract exchange two weeks after Cabinet approval by February 2016, with completion shortly thereafter.
 4. If existing occupiers remain in occupation, to regularise arrangements, serving appropriate notices advising of the ownership change by February/ March 2016.
 5. In respect of wider site assembly, to open negotiations with other third parties in February/ March 2016.
 6. Subject to successful site assembly and site 18 being released by HS2, to begin marketing the development opportunity, or for development by Brent to seek Cabinet approval to investment, in 2016.
 7. Subject to the selection of a preferred purchaser to enter into a conditional land sale agreement, or for development by Brent to start procurement of project consultants and a contractor, in September 2016.
 8. Royal Assent to the HS2 Bill by December 2016.
 9. Completion of land sale December 2016, or for development by Brent to appoint project consultants and a contractor, in January 2017.

Key Risks

- 3.16 Key strategic site risks are detailed below:

1. HS2 - As set out in 3.5 above, until the HS2 Bill receives Royal Assent (expected in December 2016), Brent will not have absolute certainty that the alternative Canterbury Works ventilation shaft proposal has been accepted.
2. HS2 - Assuming the location of the ventilation shaft at Canterbury Works, Brent may need to consider the implications of HS2 tunnelling under site 18 which may impact upon the redevelopment programme. It is understood HS2 will be working 30m below ground and this may impact piling solutions.

3. Acquisition of subject sites. Brent could buy one site and not be successful with the purchase of the other resulting in the need to start the CPO process.
4. As noted in 3.6 Network Rail's land interest will require further investigation to understand the impact on redevelopment proposals.

Assumptions

3.17 The report assumes the following:

1. That site checks and searches will not reveal any issues that will require changes to the existing planning consent.
2. That remaining third party interests in site 18 are secured by Brent. At the time of writing we understand these to be leasehold interests in Cullen House and those held by TfL. Network Rail's interest need investigation.
3. That in respect of the subject sites vacant possession can be secured.
4. That the loss of revenue in respect of Brent's car park site is forecast and accounted for in the council overall budget.
5. It is assumed the Network Rail land holding has no impact on redevelopment proposals.

Exit Option

3.18 Should HS2 not release site 18 (Brent's Car Park and Keniston Press), the Falcon Public House and Cullen House will be unaffected, and CPO compensation would be payable in respect of Brent's interests. Whilst it is anticipated Brent will recover the market value of the land, at the time of writing it is unknown if Brent will recover all its land assembly costs and this would be subject to negotiation with HS2 at the appropriate time.

4. FINANCIAL IMPLICATIONS

- 4.1 Land acquisition costs are as detailed in the confidential Appendix 1.
- 4.2. It is understood land agents fees of 2% may be payable in respect of Keniston Press. This will need to be investigated, to confirm that such fees are properly due and payable by Brent.
- 4.3 Transaction Stamp Duty Land Tax (SDLT) is payable in respect of the proposed acquisition.
- 4.4 Legal costs of up to £30,000 are anticipated for the proposed acquisition inclusive of site searches and other associated costs.
- 4.5 The 2015/16 Capital Programme as approved by Full Council on 2nd March 2015 included provision of £4m for land acquisitions associated with Site 18 (Greene King Public House - £1m & Genesis Land - £3m). Within the July 2015 forecast this provision was re-phased to 2016/17 due to uncertainty in respect of HS2. This change in forecast will be reversed should the site acquisitions progress.

- 4.6 The budget allocations included for the 2015/16 Capital Programme were estimated without the benefit of a formal valuation, In progressing the acquisitions and in respect of independent valuation reports obtained from the Valuation Office Agency (VOA) in June 2015 updated estimates of land acquisition costs have been produced as detailed in confidential Appendix 1. These updated estimates are in excess of the budgeted amounts. However, the programme cash-flow for South Kilburn includes an estimated capital receipt from the subsequent sale of the site in 2018/19 which it is now forecast will be uplifted by a level that will at a minimum match additional land costs, resulting in a nil impact to the programme over the medium term.
- 4.7 The proposed acquisition will result in any rent payable by the tenant(s) at the Keniston Press (amount to be determined), and the Falcon Public House (£24,000 per annum) becoming payable to Brent as landlord.

5.0 LEGAL IMPLICATIONS

- 5.1 Subject site 1 title number NGL532516 and subject site 2 title number NGL705562 comprise the freehold title of land that have been valued by the independent VOA. The proposed acquisitions are therefore proposed on a freehold basis with vacant possession or with the existing tenant in situ subject to further checks on their occupation status in order to ensure vacant possession can be secured relatively easily.
- 5.2 The Council has a general power to acquire land or premises used for the purposes of any of their functions by virtue of section 120 Local Government Act 1972.
- 5.3 The titles are subject to generic rights and reservations which appear on the titles of neighbouring Council land in South Kilburn. They are not subject to any restrictive covenants.
- 5.4 The Council's approved Scheme of Transfers and Virements authorises the Cabinet to make virements within the Capital Programme as are necessary to ensure that overall spending is within the resources available, and it can bring forward, delay or stop projects as necessary to achieve this. As explained in the Financial Implications, the recommended acquisitions will result in a nil impact to the Capital Programme over the medium term. If the acquisitions are authorised, therefore, the need for the Cabinet to make the requisite virement will be met.

6.0 EQUALITY AND DIVERSITY IMPLICATIONS

- 6.1 This report relates to a previous Executive decision in 2011 and comprises proposals in to bring forward projected spend on the proposed site acquisitions. The acquisitions will provide certainty to the South Kilburn Regeneration programme, bringing forward and delivering much needed change in one of Brent most deprived neighbourhoods, creating opportunity for new investment, and associated opportunities for apprenticeships, jobs and wider economic benefits during construction. On completion the plans will deliver much needed new and affordable homes, enabling tenant decant in

South Kilburn, thus freeing up other buildings for redevelopment. There is no substantive change and an updated equality analysis is not deemed necessary.

7.0 STAFFING/ACCOMMODATION IMPLICATIONS

7.1 There are no staffing or accommodation implications for Council employees.

8.0 ADDITIONAL INFORMATION

Appendix 1. Proposed purchase price, 4 June 2015 valuation information and site specific recommendations. (Exempt).

Appendix 2. Existing site plan.

Appendix 3. Proposed site plan as per planning consent.

9.0 Background Papers

None.

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Appendix 2. Existing site plan.



Appendix 3. Proposed site plan as consented.

